

Brasil Brokers reports 1Q14 results

Rio de Janeiro, May 7, 2014. Brasil Brokers Participações S.A. (BM&FBovespa: BBRK3), a real estate brokerage and consulting firm with a strong presence in Brazil's major real estate markets, announces its results for the first quarter of 2014 (1Q14).

The Company's consolidated financial statements are prepared in accordance with generally accepted accounting principles in Brazil (BR GAAP), pursuant to Brazilian Corporation Law and the rules of the Securities and Exchange Commission of Brazil (CVM).

1Q14 Highlights

1Q14 Results Conference

Portuguese

May 8, 2014

11:00 a.m. (Brasília)

10:00 a.m.(NY)

Phone: +55 (11) 2188-0155

Password: BR Brokers

Replay: +55 (11) 2188-0155

Replay password: BR Brokers

English

May 8, 2014

11:00 a.m.(Brasília)

10:00 a.m.(NY)

Phone: +1 (646) 843-6054

Password: BR Brokers

Replay: +55 (11) 2188-0155

Replay password: BR Brokers

IR Contact

Silvio Almeida

CFO, Controller and IR Officer

Phone: +55 (21) 3433-9550

e-mail: ri@brbrokers.com.br

www.brbrokers.com.br

● **Launched PSV** totaled **R\$4.1 billion** in 1Q14, a slight decrease of 1% from 1Q13;

● **Contracted sales** stood at **R\$2.8 billion** in 1Q14, 22% lower than in 1Q13;

● **Cash flow from operations** was **R\$14.5 million** in 1Q14 and **net cash provided by operating activities** less working capital and direct taxes totaled **R\$5.1 million**;

● **Net revenue** totaled **R\$64.2 million** in 1Q14, 20% lower than in 1Q13;

● In 1Q14, **R\$81.4 million** HSBC real estate loans were signed and **R\$87.3 million** were invoiced, increasing by **44%** and **61%**, respectively, over 1Q13;

● **Costs and expenses** reached **R\$59.4 million** in 1Q14, in line with 1Q13 figures;

● The number of **Employees** totaled **1,391** by the end of 1Q14, **13% down** from 1Q13;

● **EBITDA** stood at **R\$4.8 million** in 1Q14, while the **EBITDA margin** came to **7.4%**;

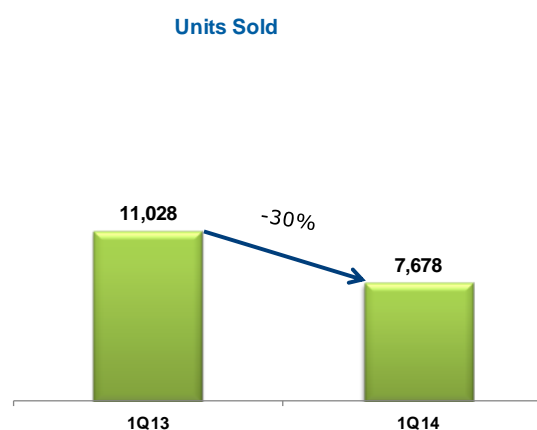
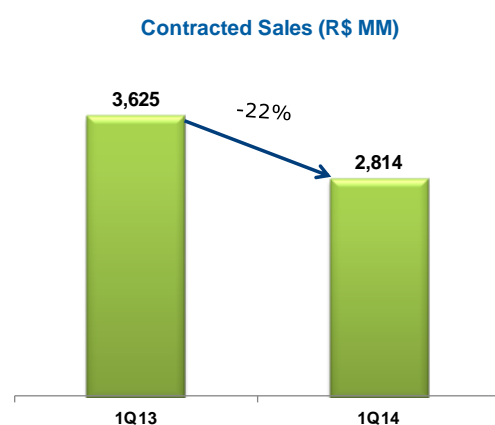
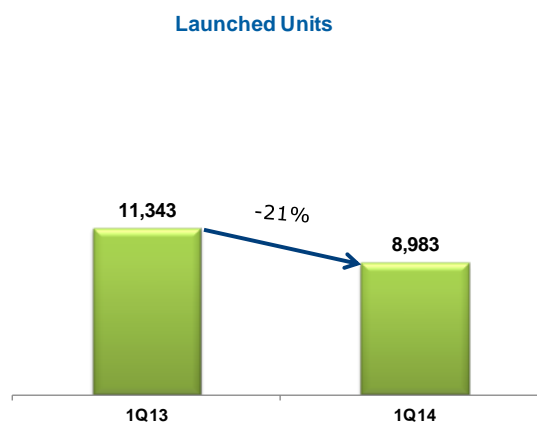
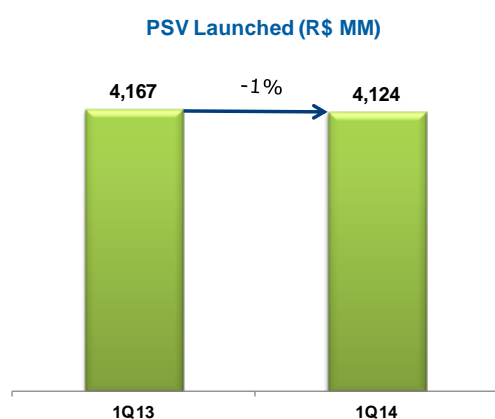
● **Net income** totaled **R\$1.1 million** accompanied by a net margin of **1.7%**.

Operating Performance

The following table presents the Company's operating figures for 1Q14 compared with 1Q13, respectively.

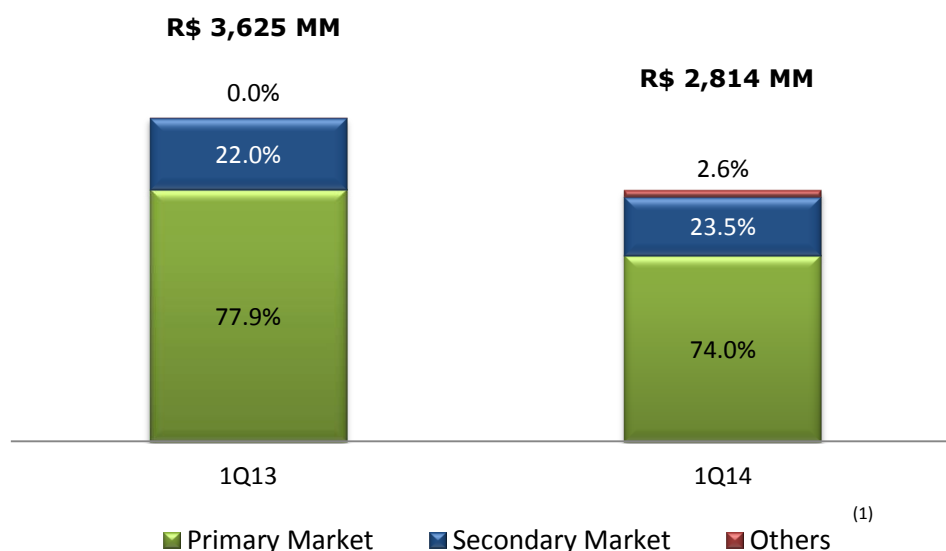
Operating Highlights	1Q13	1Q14	Δ%
PSV Launched (R\$ thousands) ⁽¹⁾	4,167,329	4,124,362	-1%
Launched Units	11,343	8,983	-21%
Contracted Sales (R\$ thousands)	3,624,667	2,813,576	-22%
Units Sold	11,028	7,678	-30%

⁽¹⁾ Total PSV from developments launched by Brasil Brokers on an exclusive or partnership basis.



Sales by Market Segment

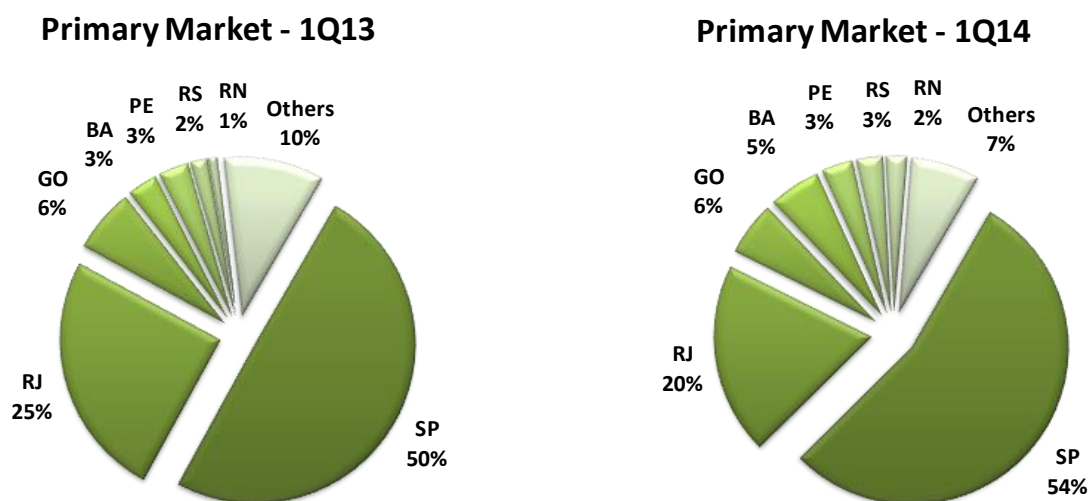
In 1Q14, contracted sales totaled R\$2,814 million, R\$2,081 million of which from the sale of launches, R\$660 million from the sale of units and R\$72 million from the sale of office space and lots.



Sales by State of Operation

Primary Market

In 1Q14, contracted sales of launches totaled R\$2,081 million⁽¹⁾, 75.2% of which in the Southeast, 10.6% in the Northeast, 8.3% in the Midwest, 4.6% in the South and 1.4% in the North.

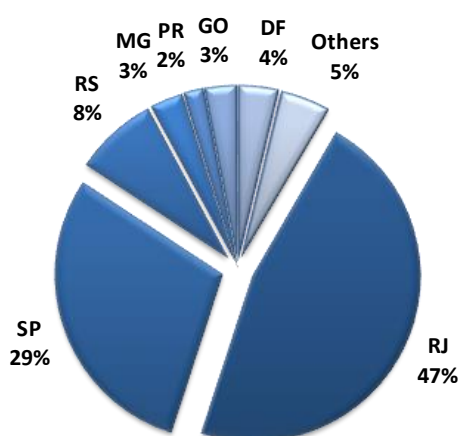


(1) Excludes the contracted sales of BB Corporate and PSV of lots.

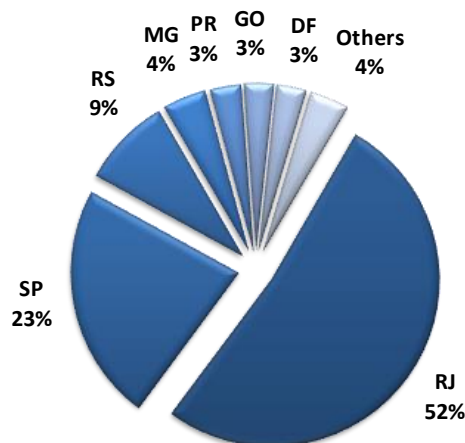
Secondary Market

In 1Q14, used property sales totaled R\$660 million⁽¹⁾, 78.8% of which in the Southeast, 11.7% in the South, 5.7% in the Midwest, 2.9% in the Northeast and 0.9% in the North.

Secondary Market - 1Q13



Secondary Market - 1Q14

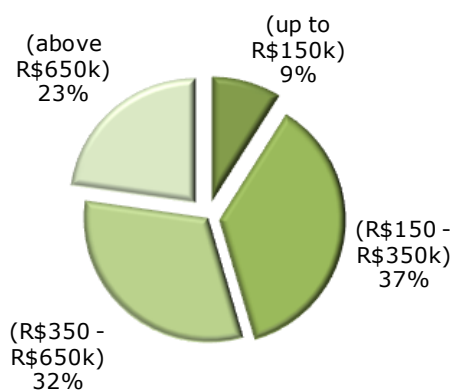


Sales by Income Segment

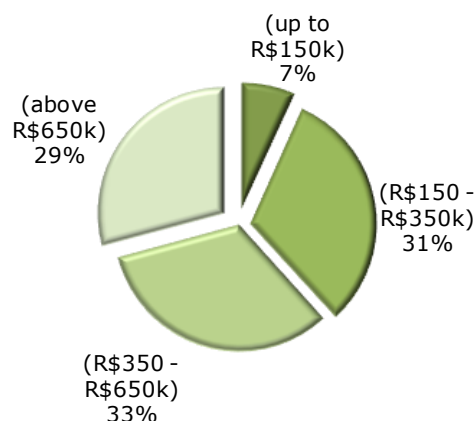
Primary Market

In 1Q14, of the total contracted sales of R\$2,081 million⁽¹⁾ in the primary market, 7% came from properties priced up to R\$150,000, 31% came from properties priced from R\$150,000 to R\$350,000, 33% came from properties priced from R\$350,000 to R\$650,000 and 29% came from properties priced over R\$650,000. Share of total launch sales over R\$650,000 increased from 23% in 1Q13 to 29% in 1Q14.

Primary Market - 1Q13



Primary Market - 1Q14

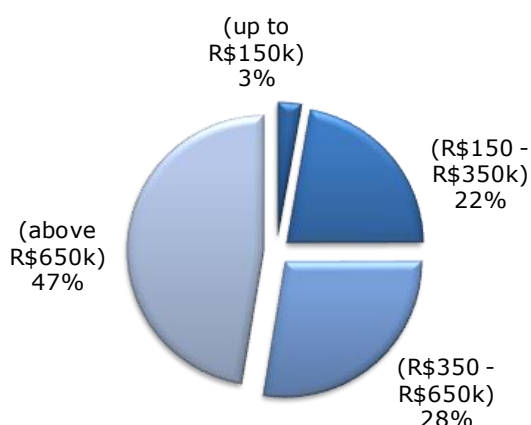


(1) Excludes the contracted sales of BB Corporate and PSV of lots.

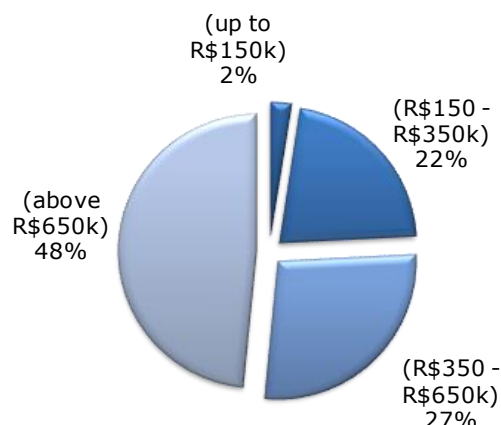
Secondary Market

In 1Q14, of the total contracted sales of R\$660 million⁽¹⁾ in the secondary market, 2% came from properties priced up to R\$150,000, 22% came from properties priced from R\$150,000 to R\$350,000, 27% came from properties priced from R\$350,000 to R\$650,000 and 48% came from properties priced over R\$650,000. Share of total sales of properties priced over R\$650,000 increased from 47% in 1Q13 to 48% in 1Q14.

Secondary Market - 1Q13



Secondary Market - 1Q14



Other Operating Information

The following table presents other operating information from the subsidiaries, by region, on March 31, 2014.

Region	Sales Force	Sales Points ⁽²⁾	Administrative Employees
Southeast	12,307	609	1,004
Northeast	922	129	114
South	928	122	91
Midwest	795	69	156
North	154	18	26
TOTAL	15,106	947	1,391

(1) Excludes the contracted sales of BB Corporate and PSV of lots.

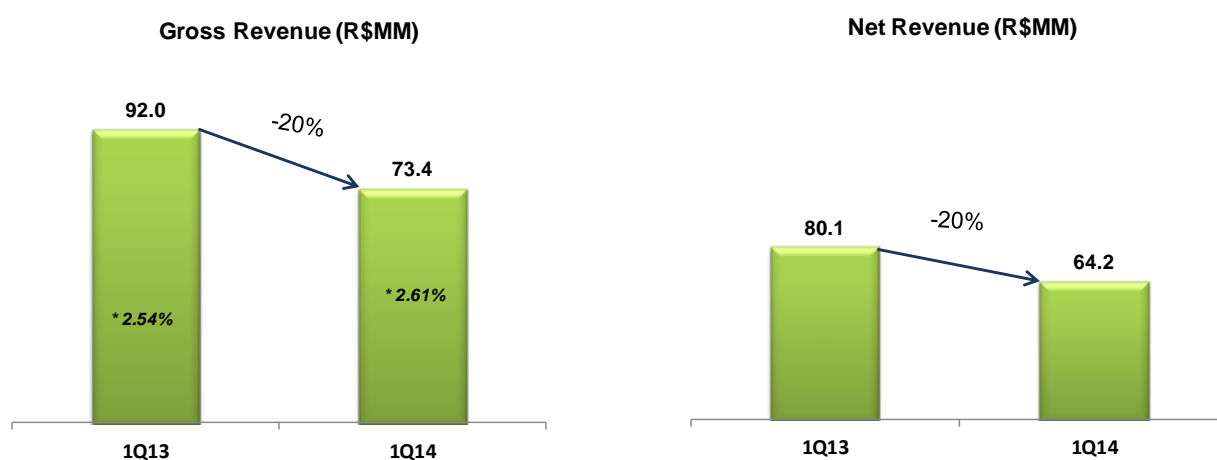
(2) Includes RedeMorar's points of sale.

Financial Performance

This section presents the Company's results for the first quarter of 2014.

Service Revenue

Gross service revenue from Brasil Brokers' subsidiaries, represented by brokerage commissions, totaled R\$73.4 million in 1Q14, for an average commission of 2.61% on contracted sales of R\$2.8 billion. After deducting sales taxes, net revenue came to R\$64.2 million in 1Q14, a 20% decline from R\$80.1 million in 1Q13.



*Gross commission

HSBC Real Estate Loan

In 1Q14, through our partnership with HSBC to offer real estate loans, we approved a total of R\$122.6 million in real estate financing, of which loan agreements worth R\$81.4 million have been signed. Of this amount, R\$87.3 million have already been invoiced by the Company and its subsidiaries and recorded under service revenue, representing additional revenue of R\$3.1 million. The number of financing agreements invoiced in the first quarter of 2014 was 226, corresponding to an average amount of R\$386,000. The loan-to-value ratio in the period was 58%.

HSBC Real Estate Loan (R\$ million)	Financed Amount		
	1Q13	1Q14	1Q14 Vs 1Q13
Approved	101.0	122.6	21%
Signed	56.5	81.4	44%
Invoiced	54.4	87.3	61%
Revenue	1.9	3.1	61%

Cost of Services and Operating Expenses

Operating costs and expenses stood at R\$59.4 million in 1Q14, 1% up on 1Q13. After deducting from this amount expenses referring to collective bargaining and contractual adjustments, Normalized Costs and Expenses totaled R\$55.9 million in 1Q14. Comparing this amount with costs and expenses in 1Q13, which totaled R\$59.1 million, we have a 5% decrease in the period.

Total Costs and Expenses			
(R\$ million)	1Q13	1Q14	Δ%
Service Costs	(3.5)	(3.5)	1%
G&A Expenses and Fees	(55.3)	(54.8)	-1%
Other Operating Expenses/Revenues	(0.3)	(1.1)	249%
Total Operating Costs and Expenses	(59.1)	(59.4)	1%
Collective bargaining and contractual adjustments	-	3.5	
Normalized Costs and Expenses	(59.1)	(55.9)	-5%

The reduction of normalized costs and expenses in the period reflects the effect of several optimization actions of the Company's administrative structure. Among these actions, we point out the staff adjustment. The Company ended the first quarter of 2014 with 1,391 employees, a decline of 13% or 202 employees from 1Q13.

Administrative Employees			
Region	1Q13	1Q14	1Q13 x 1Q14 (Δ%)
Southeast	1,048	1,004	-4%
Northeast	136	114	-16%
South	117	91	-22%
Midwest	228	156	-32%
North	64	26	-59%
TOTAL	1,593	1,391	-13%

EBITDA

Brasil Brokers' EBITDA stood at R\$4.8 million in 1Q14, 77% lower than in the same quarter last year, mainly due to operational deleveraging from the 20% decrease in net revenue. EBITDA margin stood at 7.4%, 18.8 p.p. lower than in 1Q13.

Net Income

Brasil Brokers' net income stood at R\$1.1 million in 1Q14, 90% down on same quarter last year, chiefly due to the EBITDA decline following the 20% decrease in net revenue. Net margin was 1.7% in 1Q14, 11.3 p.p. down from 1Q13.

Income Tax and Social Contribution Tax

Income tax and social contribution tax on net income totaled R\$5.2 million in 1Q14.

Cash and Financial Investments

Total cash and financial investments stood at R\$273.6 million in 1Q14. These amounts mainly refer to financial investments in bank certificates of deposit and fixed income funds, yields ranging from 100% to 108% of the interbank deposit rate (CDI). The Company ended the quarter with receivables totaling R\$86.9 million, with an average estimated term of 106 days.

The Company does not invest in derivatives or any other instruments with exposure to foreign exchange variation or stocks.

Cash Flow (R\$ MM)	1Q14
Cash and Financial Investments at the beginning of the period	284.5
Operating Cash Flow	14.5
Working Capital Needs / Direct Taxes	(9.4)
Operating Activities	5.1
Investing Activities	(5.2)
Payment of Acquisitions	(1.1)
Dividends	(4.5)
Share buy back	(5.2)
Cash and Financial Investments at the end of the period	273.6

The Company's cash generation totaled R\$14.5 million in 1Q14. On the other hand, working capital and direct taxes absorbed R\$9.4 million, generating an operating net cash of R\$5.1 million.

In the quarter, cash disbursed for investments totaled R\$5.2 million, allocated to the modernization and maintenance of our facilities, investments in systems and equipment related to the consolidation of our operations and the opening of new stores.

In 1Q14, cash disbursed to pay for acquisitions totaled R\$1.1 million, mainly due to installment payments for the acquisitions of Galvão and Libório.

The distribution of dividends totaled R\$4.5 million in 1Q14.

In addition, we had a cash disbursement of R\$5.2 million in 1Q14 from the share buyback program.

Debt

At the end of 1Q14 the Company did not have obligations with loans and financing lines.

The accounts payable balance, which refers to acquisitions as of the end of 2010 of Galvão Vendas, M. Garzon Eugênio, Vera Bernardes Assessoria Imobiliária, Home Hunters, Imóveis no Morumbi, Bamberg Planejamento e Empreendimento Imobiliários, Miranda Imobiliária and Libório Imóveis, came to R\$13.0 million at the end of 1Q14. This booked balance is the best payment estimate based on the current performance scenario projected for these companies.

The Company has obligations related to put options for the minority interest of the acquired companies. At the end of 1Q14, these obligations were estimated at R\$22.7 million, based on the current performance scenario projected for these companies.

1Q14 Financial Statement(R\$ thousand)

Financial Statement		
	1Q14	1Q13
Contracted PSV	2,813,576	3,624,667
<i>Average Commission</i>	<i>2.61%</i>	<i>2.54%</i>
Service Revenue	73,436	92,015
Discounts and Rebates	(1,692)	(2,479)
Taxes on Revenue	(7,569)	(9,432)
Net Revenue	64,175	80,104
Cost of Services Rendered	(3,539)	(3,498)
Gross Profit	60,636	76,606
Operating Costs and Expenses	(55,875)	(55,615)
Administrative Expenses	(51,269)	(51,769)
Management Remuneration	(950)	(1,267)
Allowance for Doubtful Accounts	(2,603)	(2,278)
Other Operating Revenue (Expenses)	(1,053)	(302)
EBITDA	4,761	20,990
<i>EBITDA Margin</i>	<i>7.4%</i>	<i>26.2%</i>
Depreciation and Amortization	(4,490)	(4,139)
Amortization of Asset Impairment	-	-
Financial Expenses	(408)	(264)
Financial Income	7,162	5,053
Income before Taxes	7,025	21,640
Provision for Income Tax	(3,749)	(5,921)
Provision for Social Contribution Tax	(1,411)	(2,188)
Minority Interest	(796)	(3,169)
Net Income for the Period	1,069	10,362
<i>Net Margin</i>	<i>1.7%</i>	<i>12.9%</i>

Consolidated Balance Sheet on March 31, 2014 (R\$ thousand)

ASSETS		
	1Q14	1Q13
Current Assets		
Cash and cash equivalents	20,335	59,429
Securities	100,304	69,104
Accounts receivable	77,831	85,921
Advances to suppliers	2,414	947
Recoverable taxes	22,426	20,352
Prepaid expenses	3,814	2,612
Option operations	9,279	-
Other credits	13,004	9,381
Total Current Assets	249,407	247,746
Noncurrent Assets		
Long-Term Assets		
Securities	152,925	172,541
Recoverable taxes	-	-
Accounts receivable	9,022	3,222
Land available for sale	1,882	1,923
Option operations	13,122	20,182
Other credits	9,589	7,389
	186,540	205,257
Investments in subsidiaries	-	-
Property	53,637	54,966
Intangible assets	406,514	410,631
	460,151	465,597
Total Noncurrent Assets	646,691	670,854
Total Assets	896,098	918,600

Consolidated Balance Sheet on March 31, 2014 (R\$ thousand)

LIABILITIES AND SHAREHOLDERS' EQUITY		
	1Q14	1Q13
Current Liabilities		
Suppliers	8,247	8,985
Accrued payroll and related charges	8,171	8,087
Taxes and contributions payable	21,128	26,432
Advances from clients	12,848	16,276
Dividends payable	20,714	21,122
Accounts payable - Company acquisition	7,082	5,680
Option operations	3,466	-
Other accounts payable	10,264	8,042
Total Current Liabilities	91,920	94,624
Noncurrent Liabilities		
Long-term Liabilities		
Provision for contingencies	3,197	3,168
Taxes paid by installments	23	-
Accounts payable - Company acquisitions	5,965	23,027
Option operations	19,269	27,350
Other payables	800	-
Total Noncurrent Liabilities	29,254	53,545
Shareholders' Equity		
Subscribed capital	520,437	520,437
Capital reserve	43,478	42,992
Statutory reserve	20,184	16,156
Profit reserve	186,113	177,189
Treasury shares	(9,892)	(4,321)
Transactions with non-controlling shareholders	(71,473)	(70,683)
Shareholders' equity attributed to controlling shareholders	688,847	681,770
Minority interest	86,077	88,661
Total Shareholders' Equity	774,924	770,431
Total Liabilities and Shareholders' Equity	896,098	918,600

Cash flow (R\$ thousand)
January 1 through March 31, 2014

Cash Flow Statement from Operating Activities - Consolidated		
	1Q14	1Q13
Net Income before Income Tax and Social Contribution from 01/01 to 03/31	7,025	21,640
Adjustments to reconcile net income (loss) and net cash generated from operating activities:		
Depreciation	3,761	3,508
Amortization	920	631
Goodwill amortization from investments	-	-
Allowance for doubtful accounts	2,603	2,278
Provision for contingencies	-	-
Market value adjustment accounts receivable	(34)	(101)
Market value adjustment accounts payable	-	-
Long-Term Financial Expenses	215	162
Asset recovery adjustment	-	-
Financial instrument adjustment	-	-
Minority Shareholders Interest	-	-
Adjusted Net Income	14,490	28,118
Variation between Assets and Liabilities		
Accounts receivable	11,445	8,200
Recoverable taxes	(615)	(465)
Receivables from related parties	-	-
Other current assets	(3,030)	(3,612)
Advance for future capital increase	-	-
Other long-term assets	(892)	(1,434)
Suppliers	1,644	1,333
Payroll and related charges	(3,169)	(1,909)
Taxes and contributions to recover	(12,121)	(12,823)
Taxes and contributions payable in installments	(6)	-
Advances from clients	(1,447)	(446)
Payable to related parties	-	-
Usufruct of results	-	-
Other current liabilities	(1,219)	(1,259)
Other long-term liabilities	-	-
	(9,410)	(12,415)
Net cash provided by Operating Activities	5,080	15,702
Investing Activities		
Securities	4,824	(12,808)
Share buy back	(5,198)	-
Available land for sale	-	-
Investments	-	-
Dividends receivable	-	-
Fixed assets	(4,024)	(3,480)
Intangible assets	(1,178)	(728)
Intangible assets (Accounts payable - Company acquisition)	-	-
Accounts payable - Company acquisition	(1,114)	(232)
Deferred assets	-	-
Net Cash Used in Investing Activities	(6,690)	(17,248)
From Financing Activities with Third Parties		
Loans and Financing	-	-
Accounts payable - Company acquisitions	-	-
Net cash generated from financing activities with third parties	-	-
From Financing Activities with Shareholders		
Capital increase	-	-
Share issue expenses	-	-
Capital reserve - premium of sale of shares	-	-
Minority shareholders interest	(4,545)	(3,338)
Interest distribution and advance of dividends	-	-
Net cash provided by financing activities with shareholders	(4,545)	(3,338)
Increase (decrease) in cash and cash equivalents	(6,155)	(4,883)
Cash and cash equivalents at the beginning of the period	26,490	64,312
Cash and cash equivalents at the end of the period	20,335	59,429